



CALPEEK

CALIFORNIA POLITICAL WEEK

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CALIF.'S RED INK IN BUDGET HAS DAVIS IN TOUGH SPOT AS GOP TURNS UP HEAT FOR CAMPAIGN 2002.

Editor's note: Calif. Gov. Gray Davis(D) – and some 40 other governors – are in the same spot: they all face big budget deficits in 2002. The big difference, however, is that most states don't have a **\$12.5 billion** deficit and most of the 40 State governors who have budget shortfalls aren't up for reelection in 2002. Here's our analysis...

...Reaction to Davis' 2002-03 **\$100 billion** budget from the GOP was predictable in this election year: "The governor has mortgaged Calif.'s future to pay for his spending excesses," said GOP Senate Leader Jim Brulte. And from the 3 GOP candidates for governor: Richard Riordan and Bill Jones were quick on the trigger in terms of criticism, but short on specifics of what they'd do in terms of CUTS. The key elements in Bill Simon's plan calls for an 15% cut in the budget in all areas except public safety (\$3.5 billion) and creating two budget reserves. At least he was specific and perhaps when Riordan, Jones and Simon debate Jan. 22nd at CSU/San Jose, Jones and Riordan will be forced to give more details about their plans for balancing the budget...

...Politically, this huge sea of red ink which has landed on Gov. Gray's desk stands in the way of his reelection prospects unless he can figure a way to satisfy GOP legislators. Remember: it takes a 2/3rds vote to pass a state budget, meaning Davis and incoming Assembly Speaker Herb Wesson and Senate Pres. John Burton need GOP support for the new budget. This won't be an easy task – and it was made even more difficult Jan. 15th when CA Legislative Analyst Elizabeth Hill said Davis' budget is *too optimistic* and thinks it's poor public policy to borrow against the future.

...Complicating the overall picture for Davis is the fact that there's a **\$6 billion hole** in the budget caused when the State borrowed general fund money in 2001 to buy power when PG&E and SCE ran out of funds. Getting that \$6 billion repaid by a bond deal should be **priority #1** for Davis. Truth is this should have been done last summer!!!

...Regardless, this entire fiscal battle will be nothing more

than a war of words until the governor's May (budget) revise is released. That's when the horse trading begins. For Davis and Legislative Demos, the *go-to guy* will be State Senate Budget Chair Steve Peace(D-El Cajon). Because of his experience, it's likely Peace will lead the Budget Conference Cmt., where the final deal is cut. Peace is termed out at the end of this year, but still has enough clout with Gov. Davis and legislators (GOP & Demo) to do the heavy lifting...

...Peace's big problem: keeping Burton and Davis from bashing each other when disagreements arise. Peace does not have a problem with Davis' plan for borrowing; and agrees with Davis and GOP leaders in opposing tax hikes because it might slow the recovery. FYI: a new Field Poll shows only 29% in favor of a tax hike to help close Calif.'s budget shortfall. Stay tuned...

CAMPAIGN 2002: NEW POLLS ON EL TORO BATTLE.

Editor's note: Here's an update on Measure W, a local initiative on the Orange Co. ballot which would set aside the current zoning for a major commercial airport at the 4,700-acre former Marine Corps Air Station and replace it with a huge regional park. The battle over El Toro's future also has some statewide political ramifications, especially in the GOP battle for governor. Here's our analysis...

...Measure W will be the 4th major election confrontation over El Toro's future. Prior to W, there was A in 1994, S in March of 1996 and F in March of 2000. Measure F was the first local measure won by the anti-airport coalition, but it was overtuned in court...

...NEW POLLING. From Chapman College, 1,092 likely Orange Co. voters; released 1/14/02. To the question of whether a big commercial airport should be built at El Toro: 13% YES vs. 79% NO. On the question of a regional park at this El Toro site: 56% support vs. 26% oppose, with 18% don't know...

...However. A fairly new poll done by Global Strategy

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Group and paid for by the Orange Co. Business Council reaches a somewhat different conclusion. This poll was done Dec. 17-18 among 400 likely voters. There were several parts of this survey, but the two key findings were that 41% support converting El Toro into a commercial airport vs. 54% who oppose. On the question of Measure W (to support a regional park), it's 49% YES vs. 40% NO. And when "push questions" are thrown into the mix, it then becomes 41% YES vs. 50% NO. The NO arguments deal with costs to convert El Toro to a regional park. The environmental clean-up alone could cost billions...

...One of the more interesting aspects of this 4th El Toro battle is how Richard Riordan, Bill Simon and Bill Jones stand in this ballot measure. Simon is *neutral*; Jones is in *favours* of the airport; and Riordan, once a big airport supporter, has now backed off to *neutral*. While mayor of L.A., Riordan wanted El Toro to take pressure off LAX. Politically, Riordan remained a loyal El Toro supporter (thanks in part to Riordan financial chair Mark Chapin Johnson), until recently when Riordan supporters in South O.C. converted him to neutral. Riordan's switch may help in vote-rich South O.C., but airport supporters are POed...

...FYI: Forde & Mollrich are doing YES on W, while Townsend, Raimundo, Besler & Usher are the lead consultant for the NO side, with Ellis & Associates handling coalition building. Stay tuned...

CAMPAIGN 2002: CALIF. LEGISLATIVE CONTESTS.

Editor's note: Over the remaining 6 weeks until the Mar. 5, 2002 primary, Calpeek will update and report on key legislative primaries. We've IDed about 12 Assembly primaries and 2-3 State Senate primaries worth watching. Here's our first report...

☒ **13th AD** – This is the OPEN seat now belonging to Assemblywoman Carole Migden(D-S.F.), who is termed out and running for the open Bd. of Equalization seat from No. Calif. This primary has turned into a huge S.F. Demo turf battle in an AD which has a large gay & lesbian voting bloc, but because the gays couldn't clear the field for the original frontrunner, S.F. Co. Sup. Mark Leno, it's now possible former S.F. school board member and well-known Black businessman Steve Phillips could win the Demo primary. Leno was appointed to the Board of Supes by Mayor Willie Brown at the urging of Migden, but now Migden has dumped Leno in favor of former Sup. Harry Britt. Migden thus joins Board Pres. Tom Ammiano in backing the Britt candidacy. Most sources think it had to do with Migden's own political future in S.F. As a result, Migden's long time consultant, Robert Barnes, resigned in protest. Barnes,

Mosher, Whitehurst is handling Leno's campaign. In the 2nd tier is former S.F. LWV president Holli Thier. She's got some labor and Demo Party support, but some believe she's a marginal player. The big money is with Phillips (\$201,474 cash on hand). Leno has \$98,246 c-o-h, while Britt trails badly with only \$7,538 c-o-h. The primary is considered a *toss-up* by some, while others think the fragmented gay vote will result in a Phillips win...

☒ **14th AD** – Across the Bay in Alameda and Contra Costa counties it's a 3-way battle for the open seat of Dion Aroner. The 3 Demos in this primary who count are Dave Brown, former COS to Wilma Chan when she was on the board of supes; former Berkeley Mayor Loni Hancock; and West Contra Costa school board member Charles Ramsey. Hancock was the 1st woman mayor of Berkeley; has backing from most of the key women's groups (Emily's List, NOW) + Burton, Barbara Lee and Aroner. Ramsey is running with the blessing of the Legislative Black Caucus and has been running for almost a full year. Lee also has endorse Ramsey. Perata, Contra Costa Sheriff Warren Ruff, the Contra Costa & Alameda Central Labor Councils also back Ramsey. In terms of \$\$\$, Hancock had \$130,804 c-o-h vs. Brown with \$99,358 c-o-h vs. Ramsey with \$122,407 c-o-h. A Nov. 17-19 poll of likely voters by Fairbank Maslin gave Hancock a lead: 27% vs. 11% for Ramsey and 5% for Brown. But most sources still rate the primary a toss-up...

☒ **40th AD** – Another huge Demo turf battle is in L.A.'s San Fernando Valley as Speaker Bob Hertzberg's efforts to clear the field for former Gore speechwriter Andrei Cherny failed when legislative staffer Lloyd Levine (consultant Larry Levine's son) wouldn't cave. The two are close on issues, but there is much tension between them. In addition to Hertzberg, Cherny is supported by incoming Speaker Herb Wesson + U.S. Reps. Howard Berman and Brad Sherman, L.A. Controller Laura Chick and Assemblyman Tony Cardenas. Levine's backers include former Controller Rick Tuttle, State Senators Sheila Kuehl and Kevin Murray + Assemblywoman Jackie Goldberg. Levine's ace may be in backing from the Demo Party of the San Fernando Valley, Action Demos of S.F. Valley + the Sherman Oaks Demo Club. These Demos take their endorsements seriously. In the cash-on-hand race, Cherny has \$197,921 vs. \$161,871 for Levine. Most rate the primary as a toss-up, but there are some who see Cherny with a slight edge...

☒ **8th AD** – This is a battle for the open seat of Assemblywoman Helen Thomson, who will be trying to regain her old seat on the Yolo Co. Bd. of Supes this March 5th. The seat Thomson will be running for belongs to Sup. Lois Wolk, who is running for Thomson's 8th AD. Wolk's two Demo

opponents are West Sacto Councilman Christopher Cabaldon and legislative staffer Steve Hardy (a former school board member). Most say this is Wolk's race to win or lose, but Cabaldon is leading Wolk in the fundraising race with \$127,248 c-o-h vs. \$100,523. Hardy has \$36,338. Stay tuned...

CAMPAIGN 2002: UPDATE ON U.S. HOUSE CONTESTS.

Editor's note: Here's another update on Calif. U.S. House primary races. FYI: U.S. House fundraising reports are not due until 1/31/02...

☒ **39th CD Update** – Yet another poll in this new, OPEN CD in southeastern L.A. Co. This one was done for Linda Sanchez(D), sister of U.S. Rep. Loretta Sanchez of Orange Co. The survey of 400 likely voters (Dec. 18-20) by Global Strategy Group shows Assemblywoman Sally Havice leading 5 other Demos: Havice 21%, Sanchez 16%, South Gate Councilman Hector De La Torre 12%, Helen Rahder 4%, and 1% each for Cecy Groom and Kenneth Graham. A huge 45% remains undecided. An earlier poll for De La Torre by The Feldman Group shows Havice at only 13%; Sanchez at 17%; and De La Torre at 27%. FYI: Sanchez won the endorsement of Emily's List...

☒ **6th CD** – There are only a handful of interesting primaries and this is one of them. U.S. Rep. Lynn Woolsey(D-Petaluma) has represented this area since 1992, when she won a crowded Demo primary (w/24% of the vote). She's never had a tough primary or general election. However, 9/11 may have an impact on this primary. Woolsey's Demo opponent is Santa Rosa Mayor Mike Martini, who is a wine-maker. Woolsey serves on the House Education/Work Force Cmt. and the Science Cmt. She's a solid liberal, Demo vote in the House. But when the anti-terrorism bill came up for a vote, Woolsey was one of 35 Demos who voted against this legislation (U.S. Sen. Barbara Boxer was a co-author). And for those who have forgotten, American Taliban fighter John Walker once lived in the 6th CD. Will 9/11 be Woolsey's undoing? Hard to tell, but Martini supporters say Woolsey may be a good Demo vote in the House, but she's "not effective" for the 6th CD. But unless Martini can raise a credible war chest, Woolsey wins reelection. Woolsey's campaign report (6/30/01) listed cash on hand at \$311,415. Martini has hired consultant Marc O'Hara. Woolsey's cmp. mgr. is Samaria Lueck, with mail being done by Ambrosino & Muir. Stay tuned...

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CAMPAIGN 2002: STATEWIDE FUNDRAISING CHART.

Editor's note: *Money is the mother's milk of politics* and it's a key element for candidates running for Statewide office. In the chart below, we've listed contributions raised in the last reporting period (9/30/01 to 12/31/01); cash on hand; and loans & debts. These figures were taken from the CA Sec. of State's website (under electronic filings)...

	<u>SRAISED</u>	<u>COH</u>	<u>DEBTS</u>
GOVERNOR			
Davis(I-D)	\$5,756,090	\$35.5 million	\$338,418
Jones(R)	\$ 431,633	\$1,017,072	\$358,915
Riordan(R)	\$3,972,387	\$3,835,592	\$228,606
Simon(R)	\$1,978,597	\$2,859,178	\$2,013,260

LT. GOVERNOR

Bustamante(I-D)	\$ 325,378	\$1,371,843	\$14,285
McPherson(R)	\$ 101,203	\$ 371,685	-0-

ATTORNEY GENERAL

Lockyer(I-D)	\$1,015,147	\$4,780,415	\$6,705
Ackerman(R)	\$ -0-	\$ 2,000*	-0-

* Ackerman has \$81,628 in his State Senate account.

STATE TREASURER

Angelides(I-D)	\$1,633,616	\$4,166,450	\$ 236,530
Conlon(R)	\$ 87,273	\$ 71,997	\$ 59,383
Toman(R)	\$ 36,800	\$ 24,200	\$ 25,847

SECRETARY OF STATE (Open)

Olberg(R)	\$ 18,550	\$ 573,589	\$26,207
Alioto(D)	\$ 434,925	\$ 416,053	\$435,996
Eu(D)	\$ 76,289	\$ 138,243	\$100,000
Shelley(D)	\$ 467,933	\$1,435,479	\$ 8,116

INSURANCE COMMISSIONER(Open)

Calderon(D)	\$ 502,522	\$1,226,143	\$195,008
Garamendi(D)	\$ 740,526	\$ 767,881	\$664,100
Umburg(D)	\$ 144,016	\$1,685,086	\$1.5 million
Bannister(R)	NO REPORT ON FILE		
Mendoza(R)	NO REPORT ON FILE		
Stitch(R)	NO REPORT ON FILE		

STATE CONTROLLER(Open)

Andal(R)	\$ 93,647	\$ 104,811*	\$ -0-
McClintock(R)	\$ 80,500	\$ 262,437	\$233,985
Klehs(D)	\$ 513,081	\$ 778,880	\$ 40,541
Westley(D)	\$ 819,650	\$2,510,732**	\$ -0-

* Andal has \$753,468 in his State Senate account.

** Westley has given his campaign \$1,772,325 in direct contributions. These funds are not loans.

STATE SUP. OF PUBLIC INSTRUCTION(Open)

Leach(R)	\$ 94,768	\$ 154,286	\$ -0-
O'Connell(D)	\$ 591,613	\$1,409,227	\$14,059

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Will Simon Take Off the Gloves??** – With only 6 weeks remaining, the conventional wisdom among political insiders is that GOP gubernatorial candidate Bill Simon will NOT point out his key differences with GOP rival Richard Riordan in *tv ads*. In other words, no negative ads against Riordan over gays, guns, abortion or taxes...

■ **Slatecard Madness** – In down-ballot, Statewide primaries, the edge in most of these lower-profile contests usually goes to the candidate who has bought the most slates (slatecards). In the battle for State Controller on the GOP side, BOE member Dean Andal has been telling supporters his "silver bullet" against State Sen. Tom McClintock are the large number of slates he will appear on. But McC has closed the "slatecard gap" with Andal and will be on at least 7 key GOP slates. These include: *Team Calif.*, *Nat'l Tax Limitation Cmt.*, CRA's slate, *Continue the Republican Revolution*, *Republican Voter Checklist*, *COPS and Law Enforcement*. Andal's campaign is on 5 major GOP slates: *Cmt. to Save Prop. 13*, *Nat'l Taxpayers Alliance*, *Non-Partisan Candidate Evaluation Council*, *Citizens for Representative Govt.* and *Calif. Voter Guide*...

■ **Enron Calif. Update** – A quote from CA Demo Party spinner Bob Mulholland about Enron CEO Kenneth Lay and President George W. Bush. "*As we watch the White House try to distance itself from Ken Lay, who was the one who brought them to the dance, one is given the impression Bush Jr. couldn't even pick Ken Lay out of a lineup.*"...

■ **Same Day Registration Opponents** – A committee has been formed to oppose an initiative which would allow voters to register on the same day that they vote. This initiative is being circulated, but has not qualified for November. The committee is called *Citizens & Law Enforcement Against Election Fraud* (CLEAEF). Sacto-based Gilliard Blanning & Assoc. has been hired to manage the NO side, with the law firm of Bell McAndrews Hiltachk & Davidian serving as cmp. treasurer...

■ **L.A.'s Padilla Hit with \$79,000 Fine** – L.A. Council President Alex Padilla has been hit with a monster \$79,000 fine by the L.A. City Ethics Commission for exceeding the city's spending limits back in 1999. It's the largest fine ever for an elected L.A. official. Padilla won't have to pay the fine out of his own personal pocket and can instead raise the money to cover the cost of the fine...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Jan. 22	GOP governor's debate – CSU/San Jose.
Feb. 8-10	CA Republican Party convention, San Jose.
Feb. 13	GOP governor's debate – CSU/Long Beach.
Feb. 15-17	CA Democratic Party convention, Bonaventure Hotel, L.A.
Mar. 5	CA Primary Election.
Mar. 19	5 th annual L.A. Political Roast, Beverly Hilton Hotel.
Mar. 21-23	AAPC 2002 spring conference at Gaslamp Quarter Hilton, San Diego.

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook. We've got a ton of these announcements...

● A very sad note: former Torrance mayor and councilman James Armstrong passed away recently. He was mayor from 1978-86. After his retirement from politics he became a consultant. He was 73. R.I.P...

● Another sad note: Thomas B. Silver, president of The Claremont Institute, died recently. Before becoming president of The Institute, Silver was chief deputy to L.A. Co. Sup. Mike Antonovich. R.I.P...

● Gov. Davis has appointed Bruce Thiesen as CA Sec. of Veterans Affairs...

● Mel Kohn has been reelected Pres. of the L.A. City Business Tax Advisory Cmt. He's a CPA and is co-chair of VICA (Valley Industry & Commerce Assn.)...

● The L.A. office of Weber Shandwick Worldwide has moved to 1888 Century Park East, Ste. 900, L.A. 90067. New phone: (310)407-6585...

● GOP pollster Paul B. Holm has opened a new office in Calistoga, CA – P.O. Box 950, Calistoga, CA 94515. Holm also has offices in S.F. and New York...

● The Gov. Gray Davis Cmt. has named Roger Salazar as the campaign press secretary...

● Dr. Dora Kingsley has joined the gubernatorial campaign of Bill Jones as Asst. Cmp. Mgr...

● Outgoing Demo Assembly Speaker Bob Hertzberg has named Assemblywoman Christine Kehoe (D-San Diego) and S.F. attorney Gary Hernandez to the CA Coastal Conservancy...